noted throughout this proceeding, fairness dictates that the Commission must provide these companies a fair opportunity to compete to maintain their customer base.

"0+" balloting is essential to this process. In many cases, balloting might provide many IXCs their only meaningful opportunity to market their services directly to consumers. Thus, balloting might help mitigate the adverse consequences of BPP on competition and might preserve some meaningful competitive opportunity to existing OSPs as the marketplace transitions to a BPP system.

Balloting should not be foregone because of the perceived potential costs. Relative to the purported benefits to end users, balloting is not expensive even by the highest estimates described in the *FNPRM*. CompTel urges the Commission, if it mandates the BPP proposal, to order the LECs to conduct a separate ballot for customers to select a preferred "0+" carrier.

B. IntraLATA Calling Must Be Covered by BPP Wherever Competition Permits.

In the *FNPRM*, the Commission reaffirms that "[a] primary goal of BPP is to enable consumers to reach their preferred carriers easily and with minimal confusion. We believe that uniform nationwide 0+ and 0- calling rules are most consistent with this goal."[96] The only way to achieve this objective of a nationwide uniform standard is if BPP applies to intraLATA calling wherever "0+" competition is allowed by state

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[96] *FNPRM* ¶ 47. See also *id.* ¶ 48 n.74 ("a truly universal BPP system with uniform nationwide dialing requirements would be in the public interest.")

rules. Otherwise, callers are apt to be confused about the dialing requirements, particularly in interstate LATAs where they are unlikely to know whether the called party is within the same LATA or outside of it. Similarly, a caller needing to make a series of long-distance calls, some intraLATA, is likely to become frustrated as he has to switch back and forth from one set of dialing requirements to another. Accordingly, CompTel advocates the implementation of BPP to cover intraLATA calls if BPP is to be adopted at all.

C. Fourteen-Digit Screening Must Be Mandatory.

CompTel supports the FCC's conclusion that "it would [not] be in the public interest to adopt a BPP design that gives LECs, but not OSPs, the ability to offer line number calling cards."[97] The only way to ensure this is to require fourteen-digit LIDB screening, as the *FNPRM* appears to recognize. Otherwise, effectively only the LECs or perhaps the largest IXCs would be able to issue line-based cards as they would have the marketing advantage of name familiarity and a pre-existing relationship with the end users.

Under the ten-digit based alternative outlined in the *FNPRM*, it appears that only one line-number based calling card can be issued to a customer at a time.[98] In that event, CompTel submits that callers are much more likely to use only the calling

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[97] *Id.* ¶ 73.

[98] *Id.*

card initially issued to them. In contrast, if 14-digit screening is available, and callers could each have multiple cards, the callers would be much more likely to try the services of multiple OSPs. This would facilitate more vibrant operator services competition in both services and price. Accordingly, the FCC must make 14-digit screening mandatory, as proposed.

D. BPP Costs Must Be Recovered on BPP Calls Only.

The *FNPRM* asks whether BPP implementation costs should be recovered from all operator services calls or only BPP calls.[99] As the FCC notes, its general policy is to attribute costs to cost causers. CompTel strongly urges the FCC to make no exception to this well-established principle in the case of BPP.

The arguments discussed in the *FNPRM* from commenters believing the costs should be borne by all operator services calls, or at least access code calls in addition to BPP calls, actually provide the most telling reason why BPP is too costly to be implemented. Earlier in this proceeding, a number of LECs expressed concerns that they might not recover their costs of BPP implementation if recovery of those costs was obtained solely from users of BPP.[100] Basic economic theory states that if BPP will yield benefits in excess of its costs, users of BPP will pay for the service. Any effort to have other users of the LEC network, even other users of operator services, pay for

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[99] *Id.* ¶ 59.

[100] *See id.* ¶ 54.

the costs of BPP can only be interpreted as the establishment of a subsidy and proof of failure to provide net benefits.

The *FNPRM* expresses concern that OSPs might discourage end users from using BPP if only BPP calls bear the burden of cost recovery.[101] Again, this is actually better understood as a concern about the economic viability of BPP. Even if OSPs engaged in such discouragement, end users would only use dial around if they did not value BPP enough to pay the higher charges despite the purported inconvenience of dial around.

Finally, there is no merit to the suggestion in the *FNPRM* that non-BPP calls should carry some of the costs of BPP because OSPs will likely, according to the *FNPRM*, save the commissions they now pay on 10XXX calls.[102] As the FCC notes, IXCs do not necessarily charge different rates when they have to pay commissions.[103] Therefore, it would simply be unfair to impose higher charges on end users that choose not to take advantage of BPP because OSPs may be relieved of the practical necessity of paying commissions. This is particularly the case as callers using access codes likely will often be charged by aggregators at accommodation phones to make up for their lost commissions as a result of BPP. Accordingly, CompTel submits that BPP

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[101] *Id.* ¶ 58 n.88.

[102] *See id.* ¶ 58.

[103] *Id.* ¶ 58 n.88.

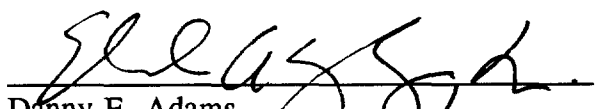
calls, as the sole beneficiaries of the proposed system, must bear the full burden of BPP cost recovery.

VII. CONCLUSION

As shown herein, implementation of BPP would not be in the public interest. BPP will cost more than the benefits it will yield. BPP will create obstacles to competition in several markets, and is very unlikely to address the stated objectives of the Commission better than current regulations. In any event, there are far less costly alternatives to BPP to ensure reasonable rates for operator services, particularly given the relatively small number of calls that stand to benefit from BPP. The Commission should decline to adopt BPP and terminate this proceeding.

Respectfully submitted,

THE COMPETITIVE TELECOMMUNICATIONS ASSOCIATION

By: 

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August 1, 1994

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I hereby certify that on this 1st day of August, 1994, I caused copies of the foregoing "Comments of the Competitive Telecommunications Association" to be hand delivered to the following:

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